



December 14, 2007

To: California Affiliates of Habitat for Humanity

RE: CalHFA Habitat for Humanity Loan Purchase Program

We are pleased to announce that the California Housing Finance Agency (CalHFA) is now accepting applications for funding of the CalHFA Habitat for Humanity Loan Purchase Program. We have allocated \$5 million of our Fiscal Year 2007/2008 funds for this funding round.

We want to thank the many California Habitat for Humanity affiliates that have participated in the success of this program. This third announcement follows two successful funding rounds in which CalHFA committed to purchasing over \$5,700,000 of California Habitat for Humanity loans. The success of this program is a testament to the partnering spirit shared by CalHFA and Habitat for Humanity.

We look forward to your application for the CalHFA Habitat for Humanity Loan Purchase Program funds. For your convenience, we have enclosed the Program guidelines and requirements for the application package. One copy of an original application should be submitted to CalHFA, accordingly:

By mail: P.O. Box 4034  
Sacramento, CA 95812-4034  
Attn: Tom Nann, Housing Finance Specialist

In person: 1121 L Street, 7th Floor  
Sacramento, CA 95814  
Attn: Tom Nann, Housing Finance Specialist

By facsimile: (916) 445-9315

By email: [tnann@calhfa.ca.gov](mailto:tnann@calhfa.ca.gov)

***Applications must be received no later than 5:00 P.M. on Friday, March 7, 2008.*** We anticipate that loan purchase commitments under this round will be announced by April 4, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read 'Theresa A. Parker', is written over a horizontal line.

Theresa A. Parker  
Executive Director

Enclosure

## **ANNOUNCEMENT OF AVAILABLE FUNDS**

### **CalHFA Habitat for Humanity Loan Purchase Program**

**Announcement Date: December 14, 2007**

The California Housing Finance Agency (CalHFA) Habitat for Humanity Loan Purchase Program is offering to purchase qualified homeownership first mortgage loans that have been originated by California Local Affiliates of Habitat for Humanity. A total of \$5 million has been designated for allocation in this round of funding. Announcement of future available funds will be made on an annual (or bi-annual) basis.

#### **Program Objective**

To facilitate additional affordable homeownership in California by providing asset liquidity (via mortgage purchase) to California Local Affiliates of Habitat for Humanity.

#### **General Process**

The Program is characterized by four phases:

1.) Funding Announcement – This includes the terms for mortgage purchase and deadlines for submitting an application.

2.) Application Submission by Affiliates – Affiliates will have approximately eight weeks from the date of announcement to package and submit an application.

3.) Award of Commitments by CalHFA – CalHFA will evaluate applications, typically within four to six weeks, and issue a letter of commitment to successful applicants to purchase a specific dollar value of mortgages within a specified time frame. A letter of commitment will be accompanied by instructions for executing a Mortgage Purchase Agreement and/or Supplement Agreement (to the Mortgage Purchase Agreement), obtaining an Opinion of Counsel, and procedures for delivering the mortgages to CalHFA.

4.) Loan Purchase and Transfer of Servicing – CalHFA will coordinate the delivery of the loan packages and the purchase of the loans.

## Purchase Pricing

Effective the date of this announcement, CalHFA will entertain proposals from eligible applicants to purchase first mortgages. CalHFA offers to purchase existing Affiliate first mortgages in accordance with the prices listed below:

<u>Remaining Years</u> <u>To Loan Maturity</u>	<u>Price as Percent of</u> <u>Remaining Balance</u>	<u>Remaining Years</u> <u>To Loan Maturity</u>	<u>Price as Percent of</u> <u>Remaining Balance</u>
Greater than or equal to:		Greater than or equal to:	
35 Years	54%	17 Years	72%
34	55	16	74
33	55	15	75
32	56	14	76
31	57	13	78
30	58	12	79
29	59	11	81
28	60	10	82
27	61	9	84
26	62	8	85
25	63	7	87
24	64	6	89
23	65	5	90
22	66	4	92
21	68	3	94
20	69	2	96
19	70	1	98
18	71		

## Eligible Loans

Eligible loans are defined as first mortgages originated by Habitat for Humanity local California Affiliates that:

1. when originally issued were 80% LTV or less of the appraised value of the home;
2. were closed and recorded on or prior to the date of this announcement (CalHFA will not issue commitments to purchase if the mortgages will be originated and closed in the future.);
3. have been impounded for taxes and insurance (The hazard insurance does not need to be impounded for condominiums if it is included in the HOA payment.);
4. are recently closed mortgages (up to 12 months old) with no history of delinquent payments or seasoned mortgages (older than 12 months) with no more than one (1) 30-day delinquency in the previous 12 months, and no history of 60-day delinquencies in the previous 24 months; and
5. if subject to resale controls and/or restrictions, such resale controls and/or restrictions may be required to be subordinate to the first mortgage as deemed necessary by CalHFA.

## **Commitment Limits**

Applications for this funding round are limited to a maximum commitment request of \$500,000. If the total of applications for funding exceeds the program funding level of this announcement, CalHFA may decrease allocations to qualified applicants on an across-the-board basis. CalHFA reserves the sole discretion to deny commitment requests, to commit less than the requested funding, and to approve which loans will be purchased on the basis of Applicant's strength of operations, financial capacity and legal standing, and on the financial risk perceived by CalHFA.

## **Application Requirements**

### Information Regarding Applicant

Please provide:

- Name and address of Applicant
- Mailing address of Applicant, if different than street address.
- Name and title of chief administrator
- Name, title, address, phone and fax numbers, and email addresses of Contact person for application purposes
- Desired amount of commitment for mortgage purchases
- Letter of Good Standing from Habitat for Humanity International (HFHI) with any attached supporting documentation from HFHI. (The Letter of Good Standing must indicate HFHI concurrence that Applicant has met at least "minimum standard" ranking for all criteria on the Standards of Excellence report for the preceding year or, if the Standards of Excellence report is not available for the preceding year, that Applicant currently meets the "minimum standard" ranking for all criteria.)
- Articles of Incorporation
- Bylaws
- Certificate of Corporation
- Certificate of Good Standing (from Secretary of State)
- List of loans in Applicant's existing loan portfolio, the maturity date for each loan, the entity that is currently providing the servicing administration, and identification of the portion of portfolio, if any, that may already be encumbered as collateral or otherwise committed for servicing Applicant debt
- Resolution, duly executed by the governing Board of Applicant, which authorizes sale of loans to CalHFA pursuant to the Program, and which grants the authority to a particular individual or individuals to (1) make application to CalHFA for the Habitat for Humanity Mortgage Purchase Program to sell existing mortgages to CalHFA, (2) execute a Mortgage Purchase Agreement, and (3) take all other actions necessary to facilitate the Program
- Audited financial reports (or substantial equivalent, in the sole judgment of CalHFA) for the most recent three (3) fiscal years; and current year-to-date unaudited financial statements not more than 90 days old. (The definition of "financial statements" includes the following at a minimum: 1) Auditor's opinion letter, 2) Balance Sheet, 3) Income Statement, 4) Statement of Cash Flows, 5) all

- notes to the financial statements, and 6) all supporting schedules that the auditor determined to be necessary in order to adequately inform a reader of the financial statements.)
- Federal and State income tax returns for the three (3) most recent fiscal years
  - Resumes and duties of Officers
  - Description of level of staffing, staff experience, and capacity
  - Formal written Policy and Procedures manual; and narrative description of mortgage servicing, delinquency administration, payment enforcement, typical forbearance measures, and other loan management practices related to loan servicing
  - Demonstration of ability to repurchase loans sold to CalHFA, and means of retaining that ability through time

#### Information Regarding Loans to be Sold

Please provide the following for each loan proposed for sale to CalHFA:

- Borrower names,
- Property address,
- Mortgage origination date,
- Maturity date,
- Original market (appraised) value,
- Original mortgage balance,
- Remaining mortgage balance,
- Monthly loan principal payment,
- Monthly payments for impounds (taxes and insurance)
- Total monthly payments,
- Up to date loan servicing statement,
- Up to date impound balance statement,
- Annual property tax payment amount,
- Annual homeowner's insurance premium and renewal month,
- **Copies** of **all** promissory notes and deeds on the property (first, second, third liens, etc)
- Copies of the ***lender's*** (HFH's - not the ***homeowner's***) title policy
- Copies of **all** documents that are exceptions to the ***lender's*** policy coverage
- Copies of **all** resale restrictions/controls that are concomitant, senior, or junior to the loan (***note:*** resale restrictions can be imbedded within grant deed, CCRs, HOA documentation or other documents)
- At least two (2) years loan history including the number of 30-day and 60-day delinquencies during the 24-month period prior to the application date,

**Applications will be rejected if they do not substantively address all of the requirements listed above. Please call Tom Nann at 916 322-0651 with any questions.**

The documentation and information required above is not all-inclusive. CalHFA may require additional information or documentation, as necessary, to evaluate applications.

## **Application Submittal**

Applications must be submitted and received no later than **5:00 p.m., Friday, March 7, 2008**. Only one complete copy is necessary. CalHFA anticipates that commitments will be issued to successful applicants for this round of funding by April 4, 2008.

Applications may be delivered to CalHFA, accordingly:

By mail: P.O. Box 4034  
Sacramento, CA 95812-4034  
Attn: Tom Nann, Housing Finance Specialist

In person: 1121 L Street, 7<sup>th</sup> Floor  
Sacramento, CA 95814  
Attn: Tom Nann, Housing Finance Specialist

By facsimile: (916) 445-9315

By email: [tnann@calhfa.ca.gov](mailto:tnann@calhfa.ca.gov)

## **For Your Reference**

Copies of program documents that will be required AFTER commitments have been issued are enclosed for your review and reference. These include:

- Mortgage Purchase Agreement (The MPA is required only the first time an Affiliate participates in a round of funding, or if CalHFA later determines that changed circumstances creates a need for a new MPA.)
- Opinion of Counsel (This is required only for the first funding round in which an Affiliate participates, or if CalHFA later determines that changed circumstances or a lapse of time creates a need for another opinion.)
- Supplemental Agreement to the Mortgage Purchase Agreement (This contains terms specific to the particular loan purchase transaction and itemizes the individual loans that will be purchased and, therefore, will be required for each funding round in which an Affiliate participates.)
- CalHFA Service Release and Loan Purchase Process, including a sample "Goodbye Letter", sample Notification to Insurance Carrier(s), and Borrower's Consent to Provide Loan Information

Do not complete or forward any of the immediately preceding documents until you receive a letter of commitment from CalHFA which instructs you to provide them.

**CALIFORNIA HOUSING FINANCE AGENCY  
HABITAT FOR HUMANITY LOAN PURCHASE PROGRAM  
MORTGAGE PURCHASE AGREEMENT**

This Mortgage Purchase Agreement ("Agreement") is entered into on \_\_\_\_\_, 20\_\_\_\_, by and between the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("CalHFA"), and \_\_\_\_\_, a California non-profit public benefit corporation, ("Lender").

**RECITALS**

- A. Lender is approved by CalHFA to sell to CalHFA eligible first mortgage loans in conformance with the requirements of the CalHFA Habitat for Humanity Loan Purchase Program (the "Program").
- B. Lender has previously, is presently and/or intends, in the future, to sell such loans.
- C. The purpose of this Agreement is to set forth the agreement of the parties with respect to those present and future loan sales.
- D. This Agreement is intended to and shall apply only to loans originated by Lender and eligible for purchase by CalHFA through the Program, unless otherwise specified by the parties by subsequent written agreement.

NOW, THEREFORE, the parties agree as follows:

**ARTICLE I - DEFINITIONS**

Definitions. In addition to other terms which are defined in this Agreement, the following terms, as used herein, shall have the following meanings:

1. "Borrower" means the purchaser of a Home financed in whole or in part by a loan or loans made by Lender.
2. "Commitment" means CalHFA's written commitment to purchase up to a specific dollar value of Loans.
3. "Commitment Documents" means the documents described in Article II, Section 3, below.
4. "Deed of Trust" means the deed of trust which encumbers the Home and secures the Note and Loan.
5. "Home" means the residence and real property which is financed by a Loan and encumbered by the Deed of Trust.
6. "Loan" means the first mortgage loan which is purchased by CalHFA from Lender pursuant the terms of the Program and this Agreement.
7. "Loan Documents" means the Note, Deed of Trust and other documents evidencing and/or securing a Loan.
8. "Loan Origination" means the point in time when Lender makes the Loan to the Borrower.
10. "Loan Purchase" means the point in time when CalHFA purchases the Loan from Lender.
11. "Note" means the promissory note, signed by Borrower, which evidences a Loan and is secured by the Deed of Trust.

12. "Repurchase" means the purchase of a Loan from CalHFA by a Lender which sold the Loan to CalHFA.
13. "Repurchase Price" means the outstanding Loan balance, including principal, interest and other amounts, as of the date of the Repurchase, plus all costs associated with the repurchase, including recording fees.
14. "Supplemental Agreement" means a written agreement between CalHFA and Lender which supplements the terms of this Agreement, and provides specific terms and conditions relating to CalHFA's purchase from Lender of any particular Loan or Loans.

## **ARTICLE II - LOAN ORIGINATION & PURCHASE**

1. CalHFA Purchase. CalHFA shall purchase Loans originated by Lender in accordance with this Agreement. No Loan is eligible for sale to and purchase by CalHFA unless all Program requirements are met, as well as those specified in the applicable Supplemental Agreement.
2. Applicable Laws and Agreements. All Commitments shall be subject to the applicable provisions of Parts 1 through 4 of Division 31 (commencing with Section 50000) of the California Health and Safety Code, applicable Program funding announcements, this Agreement, CalHFA bulletins, and other agreements and documents pertaining to the Program all as amended from time to time. These documents shall be collectively referred to herein as the "Commitment Documents". The Commitment Documents shall be incorporated into the Commitments and this Agreement by this reference.
3. Lender Qualifications. At all times during the term of this Agreement Lender shall be appropriately accredited by Habitat for Humanity International and shall be in good standing as a California Local Affiliate. Concurrently with the execution of this Agreement, and at such subsequent times as CalHFA in its sole discretion may require, Lender shall provide CalHFA with an "Opinion of Counsel to Lender" issued by a licensed California attorney and substantially in the form of Exhibit A attached hereto and incorporated herein by this reference. Lender's failure to provide such opinion letter shall be cause for the termination of this Agreement and any Commitments and shall give CalHFA the right, in its sole discretion, to require Lender to Repurchase any Loans purchased by CalHFA between the date of such execution and the date of such termination. Lender represents and warrants that the factual statements contained in Paragraphs (i)-(iv) of such opinion letter are true and correct with respect to Lender and this Agreement. CalHFA shall have the right to require Lender to update such opinion letter from time to time, in CalHFA's sole discretion.
4. Loan Documents. In addition to the specific requirements of the applicable Commitment, and each Supplemental Agreement, each Loan shall satisfy the following general requirements:
- (a) As of Loan Origination, the Borrower shall have had the legal capacity to execute the Loan Documents, and as of Loan Purchase, the Loan Documents shall be valid and binding legal obligations of the Borrower, enforceable in accordance with their terms.
  - (b) As of Loan Purchase, no counterclaim, offset, defense or right of rescission shall exist which could be asserted or maintained by the Borrower or its successor in interest against CalHFA or any subsequent Loan holder, and the Loan shall comply with all applicable local, state and federal laws, rules and regulations including, without limitation, all truth-in-lending and nondiscrimination laws.
  - (c) The Note, Deed of Trust and other Loan Documents shall have been approved by CalHFA.
  - (d) As of Loan Purchase, any resale controls or restrictions, or similar clouds on Borrower's title imposed by Lender or any governmental entity, or any other party shall be subordinate to the Deed of Trust, and provide, to the satisfaction of CalHFA, in its sole discretion, adequate mortgagee protections.



(e) As of Loan Purchase, no payment required by the Loan Documents shall be delinquent.

(f) As of loan purchase, no loan payment required by Loan Documents shall have been delinquent more than once in the previous 12 months and no loan payment shall have been delinquent for 60 days for the previous 24 months.

(g) As of Loan Purchase, the unpaid Loan balance shall be due and owing and there shall be no impairment of, or right of set off against, Borrower's obligation to make payments when due on the Loan.

(h) As of Loan Purchase, there shall not have been any release, cancellation, subordination, modification, satisfaction or impairment, in whole or in part, of the Loan (except for previously remitted payments of principal and interest), without the prior written approval of CalHFA.

(i) As of Loan Purchase, the Loan terms, covenants and conditions shall not have been waived, altered, impaired or modified in any way which would adversely affect its value, validity or enforceability.

(j) As of Loan Purchase, the Loan shall not be subject to any existing assignment or pledge and the Lender shall have good title immediately prior thereto and full right and authority to assign and transfer the same and to endorse and deliver the Loan Documents to CalHFA, free and clear of encumbrances except those approved in writing by CalHFA.

(k) As of Loan Purchase, there are no rights outstanding which could give rise to mechanic's or materialmen's liens for work performed or materials supplied prior to Loan Purchase which are not fully insured by valid and existing ALTA or CLTA title insurance policies.

5. Home. In addition to the specific requirements of the applicable Commitment, each Home shall satisfy the following general requirements:

(a) As of Loan purchase, the Home shall not be damaged by water, fire, earthquake, wind, storm, flood, tornado, or be subject to obvious significant disrepair, damage or neglect or other cause so as to adversely affect it as security for the Loan or for the intended use and there shall be no pending or threatened proceeding for the total or partial condemnation of said Home or for the abatement of nuisances thereon.

(b) As of Loan Purchase, the Home and the intended use, shall comply with all applicable laws, including those relating to the protection of the environment; there shall be no threatened or pending case or proceeding directly involving said Home in which compliance with any such law is or will be at issue; and nothing further shall remain to be done to satisfy in full all requirements of each such law constituting a prerequisite to such use and enjoyment of the Home.

(c) As of Loan Purchase, the Home shall be insured by a valid and existing policy of standard hazard insurance in an amount equal to the replacement cost of the improvements as may be increased from time to time by reference to an inflation index used by the insurer. The policy shall insure CalHFA or Lender and CalHFA, as their interests may appear.

(d) As of Loan Purchase, the Home improvements shall be fully completed, lie wholly within the boundaries and building set-back restrictions of said property and shall not violate zoning laws, housing codes, or similar local requirements.

9. Representations and Warranties. Lender represents and warrants that, as of Loan Purchase, all of the requirements of this Agreement, applicable Commitment, and applicable Supplemental Agreement shall have been or shall be, as applicable, satisfied with respect to each Loan. Any failure of a Loan to comply with such requirements shall constitute a breach of this Agreement.

### **ARTICLE III - LOAN SERVICING**

Servicing of Loans. All Loans shall be serviced by CalHFA, subject to the following:

- (a) There shall be no fee for the release of servicing.
- (b) CalHFA will contact Lender, in addition to Borrower, to report delinquencies and foreclosures, PROVIDED that Lender has provided to CalHFA Borrower's written consent, sufficient in CalHFA's sole discretion to comply with all applicable laws, and CalHFA's internal policies. Lender shall endeavor to contact Borrower and be diligent in attempting to resolve delinquencies and defaults. Should Borrower not have cured any delinquency or default, Lender shall forward delinquent payments (from its reserve or own revenues) within 15 days of reported delinquency.
- (c) At any time after a Borrower has been in default in payments, or in any other obligation to CalHFA, Lender shall have the option to re-purchase the Loan at the Repurchase Price.
- (d) Lender shall repurchase loan (or find a qualified purchaser of the Home who will assume the Loan) if a delinquency or default is not cured within 12 months. Lender shall repurchase the Loan or arrange for a purchase of the Home and assumption of the Loan by another Borrower within 60 days of notice by CalHFA.

### **ARTICLE IV - ASSIGNMENTS AND/OR TRANSFERS**

1. Except as otherwise provided herein, after thirty (30) days written notice to Lender, CalHFA may transfer, assign or otherwise dispose of any Loan without the consent of Lender.
2. Should CalHFA elect to transfer, assign or otherwise dispose of any Loan, Lender shall have the right to repurchase the Loan from CalHFA on the same terms and conditions as the proposed transfer, assignment or other disposition of the Loan. Lender shall notify CalHFA of its intent to purchase Loans within ten (10) days after CalHFA's notice required by subsection 1 of this Article IV, and must complete the repurchase within sixty (60) days after giving its notice of intent.
3. Notwithstanding the provisions of Section 2. of this Article IV, CalHFA reserves the right to pledge its interests in any loan as security for bonds it may hereafter issue, and the provisions of said Section 2. shall not apply to any such pledge, or any transfer associated with it, either contemporaneous with the pledge or thereafter.
4. Lender shall not delegate, assign, or transfer its rights or duties hereunder to another without prior written approval from CalHFA, which approval may be granted or denied in CalHFA's sole discretion.

### **ARTICLE V - TERMINATION**

1. Termination by CalHFA.
  - (a) CalHFA shall have the right to terminate this Agreement, without cause, by giving thirty (30) days written notice of its election to terminate this Agreement.
  - (b) Notwithstanding anything in this Article V to the contrary, if any event occurs which constitutes a breach on the part of Lender of this Agreement that may result in immediate or irreparable harm as determined by CalHFA in its sole discretion, then CalHFA, at its option, may terminate this Agreement without any waiting period by giving Lender notice of termination.
  - (c) Prior to giving notice of termination under this Section, CalHFA shall have the right, at CalHFA's option, to take any reasonable action authorized by this Agreement because of Lender's act, omission, or failure to render adequate performance in breach of this Agreement. CalHFA shall not be required to take any action as a condition of

termination of the servicing under this Agreement.

2. Timing of Termination.

(a) Any termination of this Agreement pursuant to Section 1 shall be effective on the date specified by CalHFA.

(b) Any notice or termination given of this Agreement shall be in writing and shall be delivered in person or sent by registered mail or certified mail, return receipt requested, addressed to the party to whom such notice is directed. The registering with any post office, or the mailing of any such notice, shall constitute delivery and notice to such party.

3. Effect of Termination. Except as otherwise provided herein, should CalHFA terminate this Agreement, no interest in this Agreement shall be deemed an asset or liability of Lender or Lender's successors or assigns, nor shall any interest in this Agreement pass by operation of law without the consent of CalHFA.

4. Lender's Rights Upon Termination. Should CalHFA terminate this agreement, Lender shall have the right to repurchase any Loans for the Repurchase Price. Lender must give CalHFA notice of its intent to repurchase Loans within thirty (30) days after CalHFA's termination notice, and shall pay the Repurchase Price within one hundred fifty (150) days after notice of termination is given, or such other time as the parties agree in writing.

**ARTICLE VI - REMEDIES**

1. Borrower's Misrepresentation. In the event that any representation by a Borrower with respect to a Loan shall prove to have been untrue when made or at the time of Loan Purchase, Lender shall, at the option of CalHFA, immediately Repurchase such Loan.

2. Lender's Negligence or Misrepresentation. In the event of any default or breach of this Agreement or any of the Commitment Documents including, but not limited to, failure to exercise due diligence in determining the accuracy of Borrower's representations, or misrepresentation by Lender, Lender shall have sixty (60) days from discovery by Lender or CalHFA of such default, breach, negligent act or misrepresentation in which to cure such default, breach, negligent act or misrepresentation. If such cure cannot be effected within the 60-day cure period, Lender shall, at the option of CalHFA, immediately Repurchase such Loan.

3. Cost of Repurchase. CalHFA shall be entitled to reimbursement from Lender for all of its costs in enforcing the Repurchase of a Loan, including, but not limited to, attorneys' fees.

**ARTICLE VII - MISCELLANEOUS**

1. Duration of Agreement. Unless sooner terminated as herein provided, this Agreement shall continue from the date hereof until terminated by the mutual consent of the parties or the termination or completion of the Program, whichever first occurs.

2. Other Remedies; Cumulative Remedies. In addition to the remedies set forth above, CalHFA shall have all remedies available at law or in equity. All of such remedies shall be cumulative and the exercise by CalHFA of any one or more of them shall not in any way alter or diminish the rights of CalHFA to pursue any other remedy provided for herein or at law or in equity.

3. Warranties of the Lender. The representations, warranties and covenants of the Application and the Commitment Documents are hereby incorporated herein by this reference.

4. Compliance with Applicable Laws. Lender shall comply with the requirements of all federal, state and local laws applicable to the Loans.
5. Indemnification by Lender. Lender shall indemnify and hold CalHFA harmless against any and all expenses, fees, losses, damages, penalties, fines, forfeitures, legal fees and related costs that CalHFA may incur as a result of any failure on the part of Lender to comply with this Agreement.
6. Examination of Account and Loan Records. Lender shall permit any employee or designated representative of CalHFA at any reasonable time during regular business hours to examine, audit and copy any of the Loan records maintained by Lender.
7. Severability. In the event that any provision of this Agreement conflicts with applicable law, such conflict shall not affect the other provisions of this Agreement which can be given effect without such conflict, and to that end the provisions of this Agreement shall be severable.
8. Prohibition of Assignment. This Agreement shall not be assigned whether voluntarily, by operation of law or otherwise, by Lender without the written consent of CalHFA. Any assignment or attempted assignment by Lender shall be void and deemed to be cause for termination of this Agreement or other remedial action by CalHFA.
9. Notices. Any notice, tender, or delivery to be given hereunder by either party to the other may be affected by personal delivery in writing or by mail, postage prepaid, and shall be deemed communicated as of the date of actual receipt. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this paragraph.

To Lender:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, CA 9\_\_\_\_  
Attention: \_\_\_\_\_  
Tel: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Fax: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Email: \_\_\_\_\_@\_\_\_\_\_

To Agency:

If by mail:

California Housing Finance Agency  
P.O. Box 4034  
Sacramento, CA. 95812-4034  
Attention: Doug Smoot

If by other means:

California Housing Finance Agency  
1415 L Street, Suite 500  
Sacramento, CA 95814  
Attention: Doug Smoot  
Tel: (916) 322-1325  
Fax: (916) 327-5115  
Email: [dsmoot@calhfa.ca.gov](mailto:dsmoot@calhfa.ca.gov)

10. Governing Law. This Agreement shall be governed by the Laws of the State of California.
11. Amendment or Waiver. The provisions of this Agreement shall not be amended or waived except by a writing signed by the parties hereto. Any action or failure to enforce strict performance shall not be deemed a waiver of

any provision of this Agreement.

12. Attorneys' Fees. In any action to enforce or relating to any provision of this Agreement, the prevailing party shall be entitled to recover its costs and expenses in connection with such suit or any appeal thereof, including without limitation, its attorneys fees. Whenever provision is made in this Agreement for the payment of attorneys fees, such fees shall be payable whether the legal services are rendered by a salaried employee of the party or by independent counsel and shall include such fees as are incurred in connection with any pretrial proceeding, trial or appeal of the action.

13. Applicable Loans. This Agreement shall apply to all Loans purchased by CalHFA from Lender pursuant to Commitments made prior to, concurrently with or subsequent to its execution by the parties. Except as otherwise provided herein, this Agreement supersedes any prior agreements or understandings, whether written or oral, between CalHFA and Lender governing the purchase or servicing of Loans. Notwithstanding the foregoing, the parties may subsequently agree, in writing, that certain CalHFA loans are not governed by this Agreement. Absent such an agreement, Lender is not authorized to originate any loans for purchase by CalHFA under any other CalHFA program.

**LENDER:**

\_\_\_\_\_, a  
**California nonprofit corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**CALIFORNIA HOUSING FINANCE AGENCY, a  
public instrumentality and political subdivision of  
the State of California**

By: \_\_\_\_\_  
Theresa A. Parker  
Executive Director

Exhibit A

CALIFORNIA HOUSING FINANCE AGENCY  
MORTGAGE INSURANCE SERVICES  
\_\_\_\_\_  
PROGRAM  
MORTGAGE PURCHASE AGREEMENT

(Form of Opinion of Counsel to Lender)

\_\_\_\_\_, 200\_\_

California Housing Finance Agency  
P.O. Box 4034  
Sacramento, California 95812-4034

Ladies and Gentlemen:

I am a licensed California attorney and have acted as counsel for \_\_\_\_\_, a \_\_\_\_\_ ("Lender") in connection with Lender entering into a Mortgage Purchase Agreement ("Agreement") with the California Housing Finance Agency ("CalHFA") dated \_\_\_\_\_, 200\_\_.

In that connection I have examined originals or copies certified or otherwise identified to my satisfaction of such documents, records and other instruments as I deemed necessary or appropriate for the purpose of this opinion, including, without limitation, the Agreement and the organizational documents of Lender.

Based on the foregoing, I am of the opinion that:

(i) Lender is duly created and lawfully existing under the laws of \_\_\_\_\_ as a \_\_\_\_\_;

(ii) the Agreement has been duly authorized and executed and when delivered by Lender, constituted a valid, legal, and binding obligation of Lender enforceable in accordance with its terms;

(iii) the execution and delivery of the Agreement and the performance by Lender of its obligations thereunder including, but not limited to, its obligations under the Lenders Program Manual and the Program Materials (as those terms are defined in the Agreement), do not and will not violate the organizational documents of Lender, or any court order by which the Lender is bound, and to the best of the undersigned's knowledge, such actions do not and will not constitute a default under any agreement, indenture, mortgage, lease, note, or other obligation or instrument to which the lender is a party or by which it is bound, and no approval or other action by any governmental authority or agency is required in connection therewith, and

(iv) to the best of my knowledge, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any public board or body, pending or threatened, against or affecting Lender or, to the best of my knowledge, any basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Agreement.

(v) Lender has all necessary governmental approvals, licenses, endorsements or other qualifications to perform its duties under the Agreement.

The foregoing opinion is qualified only to the extent that the enforceability of the Agreement may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally.

Very truly yours,

SAMPLE

**CALIFORNIA HOUSING FINANCE AGENCY  
HABITAT FOR HUMANITY LOAN PURCHASE PROGRAM  
SUPPLEMENTAL AGREEMENT NO. \_\_\_\_\_**

**MORTGAGE PURCHASE AGREEMENT**

This Supplemental Agreement, dated as of \_\_\_\_\_, 20\_\_\_\_, supplements [Optional, if applicable: and amends] that certain Mortgage Purchase Agreement ("Agreement") is entered into on \_\_\_\_\_, 20\_\_\_\_, by and between the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("CalHFA"), and \_\_\_\_\_, a California non-profit public benefit corporation, ("Lender").

**RECITALS**

- A. Lender has been approved by CalHFA to sell to CalHFA eligible first mortgage loans in conformance with the requirements of the CalHFA Habitat for Humanity Loan Purchase Program (the "Program").
- B. CalHFA has committed to purchase a certain/certain Loan(s) from Lender (the "Supplemental Agreement No. \_\_\_\_ Loans"). A copy of said commitment (the "Commitment") is attached hereto as Attachment A.
- C. The purpose of this Supplemental Agreement is to set forth the agreement of the parties with respect to that/those certain Loan(s).

NOW, THEREFORE, the parties agree as follows:

1. Recitals. The above recitals are incorporated herein.
2. CalHFA Purchase. CalHFA shall purchase the Supplemental Agreement No. \_\_\_\_ Loans from Lender on the terms and conditions set forth in this Supplemental Agreement. Said terms and conditions are in addition to those provided in the Agreement. All terms and conditions of the Agreement, unless specifically modified in this Supplemental Agreement, remain in full force and effect. In the event of any conflict between the Agreement and this Supplemental Agreement, the provisions of this Supplemental Agreement shall prevail.
3. Purchase Price. CalHFA shall pay to Lender the sum of \_\_\_\_\_ and \_\_\_\_/100 Dollars (\$\_\_\_\_\_) (the "Purchase Price") for the Supplemental Agreement No. \_\_\_\_ Loans. The purchase price for each of the individual Supplemental Agreement No. \_\_\_\_ Loans is stated on Attachment B.
4. Completion of Purchase. The Supplemental Agreement No. \_\_\_\_ Loans shall be purchased in bulk, and in accordance with the following:

**EITHER**

(a) The purchase shall be accomplished through an escrow at \_\_\_\_\_ Title Company [insert all the usual escrow information, location, time, etc.]

**OR**

(a) Lender shall deliver to CalHFA all required documents and information within \_\_\_\_ (\_\_) days of the execution of this agreement,



(b) Within \_\_\_\_\_ (\_\_\_\_) days after receipt of all required documents and information, CalHFA shall pay the Purchase Price to Lender by **[insert agreed method of payment, i.e., check, wire, etc.]**.

(c) Should CalHFA not receive all required documents and information for all loans by the deadline in Subsection (a) of this Section 4, the CalHFA, in its sole discretion, can elect to purchase none of the Supplemental Agreement No. \_\_\_\_ Loans or only those loans for which all required documents and information have been received by said deadline.

5. Special Conditions. The following conditions shall apply to all loans or particularly designated loans, as noted.

(a) As of Loan Purchase, there shall have been recorded a subordination agreement substantially in the form of Attachment \_\_\_\_ for **[reference or designate loans requiring this; may have to reference multiple subordination agreements]** as to any resale controls or restrictions, or similar clouds on borrower's title imposed by Lender of any governmental entity, or any other party.

**[(b) ...specific title endorsements, depending on affiliate or their projects...]**

**(c) ...require loan delinquency reserve or other requirements, depending on affiliate's financial strength...**

**(d) ...require other specific documents, depending on affiliate or their projects...**

**(e) ...other conditions for commitment...]**

6. Lender Warranties and Representations. All warranties and representations heretofore made by Lender to CalHFA are restated. Lender's sale of each Loan to CalHFA shall constitute a warranty and representation that all such requirements have been met, as well as those contained herein.

7. Loan Documents. In addition to the specific requirements of the Commitment, each Loan shall satisfy the general requirements of the Agreement, and the following special requirements, and Lender's sale of each Loan to CalHFA, shall constitute a warranty and representation that all such requirements have been met:

(a) Each Note, Deed of Trust and other Loan Document shall have been approved by CalHFA (copies of the note and deed of trust for each loan to be sold and purchased are attached hereto as Attachments \_\_\_\_ through \_\_\_\_).

(b) Each Note shall be properly endorsed to CalHFA.

(c) There shall be provided in recordable form an assignment of each Deed of Trust, assigning the beneficial interest therein to CalHFA.

(d) For each Supplemental Agreement No. \_\_\_\_ Loan, all documents and requirements for delivery of loans as provided in the Commitment Documents shall be met.

8. Duration of Agreement. Unless sooner terminated as herein provided, this Supplemental Agreement shall continue from the date hereof until terminated by the mutual consent of the parties, the termination or completion of the Program, or the payoff, or transfer of all Supplemental Agreement Loans, whichever first occurs.

9. Applicable Loans. This Agreement shall apply only to the Supplemental Agreement No. \_\_\_\_ Loans. Except as otherwise provided herein, this Agreement supersedes any prior agreements or understandings, whether written or oral, between CalHFA and Lender governing the origination, purchase or servicing of the Supplemental Agreement No. \_\_\_\_ Loans.

**LENDER:**

\_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Primary Contact:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Tel no.: \_\_\_\_\_  
Fax no.: \_\_\_\_\_  
E-mail: \_\_\_\_\_

**CALIFORNIA HOUSING FINANCE AGENCY, a  
public instrumentality and political subdivision of  
the State of California**

By: \_\_\_\_\_  
Theresa A. Parker  
Executive Director

## **CalHFA Habitat for Humanity Loan Purchase Program**

### **Service Release and Loan Purchase Process**

Once a commitment has been issued by CalHFA to purchase loans from the Affiliate, the Affiliate will be required to package the loans and deliver them to CalHFA. Affiliate should coordinate packaging with CalHFA Program staff to determine specific timing for loan delivery. CalHFA Program staff will request an update on the status of the loan (i.e. unpaid principal balance, due date, impound account balance, etc.) just prior to scheduling the loans for purchase. Upon receipt of an advice of purchase, the Affiliate should package the loans for delivery.

The Affiliate will receive net sales proceeds, meaning that it will receive the purchase amount less the impound account balance and less the tax service fee (typically \$70/loan). Any payments received and/or applied by Affiliate after the loan is purchased will need to be reversed and/or forwarded to CalHFA Loan Servicing immediately for payment application. Affiliate should bill CalHFA Loan Servicing for any disbursements made after the loan has been purchased. Impound Claim should include a complete loan history of the account showing the transaction.

Loan packages should be delivered in bulk (not piecemeal), and consist of the following:

1. Original recorded Deed of Trust;
2. Original recorded Assignment of Deed of Trust (showing "California Housing Finance Agency, a public instrumentality and political subdivision of the State of California", as Beneficiary);
3. ALTA or CLTA title insurance policy (insuring California Housing Finance Agency, Its Successors or Assigns) and any endorsements required by the Supplement Agreement (to the Mortgage Purchase Agreement);
4. Declaration of Insurance from the hazard/flood/earthquake carrier;
5. Copies of the "Goodbye Letter" and Notification to Insurance Carrier(s) (copies of model letters are attached for your reference; mortgagee clause should read: "California Housing Finance Agency, Its Successors or Assigns, 1121 L Street, Suite 103, Sacramento, CA 95814-3974");
6. Copy of the Truth-In-Lending – Regulation Z;
7. Copy of the master record and loan history;
8. Copy of recorded Request for Notice of Default;
9. Signed Borrower's Consent to Provide Loan Information (form attached)
10. Recorded subordination agreements, if required by CalHFA

Please do not issue your "Goodbye Letter" until you have received your payment advice. Your servicing transfer effective date should not be effective earlier than 15 days from the purchase date.

Packages should be forwarded, accordingly:

By Courier

CalHFA Special Lending Programs  
1121 L Street, 7<sup>th</sup> Floor  
Sacramento, CA 95814  
Attn: Tom Nann

By Mail

CalHFA Special Lending Programs  
PO Box 4034  
Sacramento, CA 95812-4034  
Attn: Tom Nann

Loan Servicing Contacts

CalHFA Loan Servicing (Payment processing, insurance billing and correspondence):

CalHFA Loan Servicing  
1121 L Street, Suite 103  
Sacramento, CA 95814-3974

Customer Service: (800) 669-1079 or (916) 323-2022. Customer Service hours are from 8:30 a.m. to 4:30 p.m. PST.

Specific CalHFA Loan Servicing Contacts:

Robert Bastien, Loan Servicing Supervisor	(916) 324-1086
Stephanie Stafford, Default Manager	(916) 324-1080
Fax	(916) 323-2505

Other Information

CalHFA's Tax Service I.D. Number: FARETS 14088

Attachments:

Sample "Goodbye Letter"  
Sample Notification to Insurance Carrier(s)  
Borrower's Consent to Provide Loan Information

## Sample "Goodbye Letter"

*Although this letter is offered as a sample, each Affiliate must seek their own assurance through their attorney or compliance officer that this form is in compliance with Federal RESPA requirements. CalHFA will not represent that this form is in compliance.*

"Date"

"Name"

"Name"

"Address"

"Address"

"City", "State" "Zip"

RE: LOAN # "Old Loan Number"

NEW SERVICER LOAN # "New Loan Number"

Dear Mortgagor(s):

Effective "Date of Transfer", the "Your Company Name (YCN)" will be transferring the servicing of your loan to the California Housing Finance Agency (CalHFA). The transfer does not affect any terms or conditions of your mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before the effective date of transfer. Your new servicer must also send you a notice no later than 15 days after this effective date.

Making Your Payments: The date that "YCN" will stop accepting payments from you is "Date of Transfer". The date CalHFA will start accepting payments from you is "1 day after Date of Transfer". Until you receive new payment mailing instructions from CalHFA, send all payments due on or after that date to CalHFA at the following address using your present payment coupons. Payments received by "YCN" during this transfer period will be forwarded directly to CalHFA on your behalf.

CalHFA  
1121 L Street, Suite 103  
Sacramento, CA 95814

Customer Assistance: CalHFA Customer Service will assist you with questions regarding the transfer of servicing or any other questions relating to your mortgage loan. You may call CalHFA from 8:30 a.m. to 4:30 p.m. toll free at (800) 669-1079. ALL WRITTEN INQUIRIES should be directed to CalHFA at the address indicated above.

We will mail your annual loan statement (IRS Form 1098) by January 31, 2006 for the period of time "YCN" serviced your loan during 2005.

You should also be aware of the following information, which is set in more detail in Section 6 of The Real Estate Settlement Procedure Act (RESPA) (12 U.S.C. Section 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late and a late fee may not be imposed on you.

Section 6 of RESPA gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgement within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request.

No later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, and provide you with a written clarification regarding any dispute. During this 60 Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request. However this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

A Business Day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individual or classes of individuals in circumstances where servicers are shown to have violated the requirement of that Section. You should seek legal advice if you believe your rights have been violated.

If you have additional questions regarding this transfer of servicing you may contact "YCN" Customer Service Department from *"your customer service hours"*. toll free at *"your toll free customer service number or a number they can call collect and it is so stated"*. ALL WRITTEN INQUIRIES should be directed to: *"Your Company's Name and address."*

It has been a pleasure serving you.

Sincerely,

CUSTOMER SERVICE DEPARTMENT

## **Sample Notification to Insurance Carrier(s)**

DATE

AGENT  
ADDRESS  
ADDRESS  
CITY, STATE ZIP

New Loan # 999999

RE: Policy # 99999  
INSURED  
INSURED  
PROPERTY ADDRESS  
CITY, STATE ZIP

The servicing rights for this loan have been acquired by the California Housing Finance Agency (CalHFA). Please remove the Habitat for Humanity as loss payee and change the mortgagee clause and billings to read:

California Housing Finance Agency,  
Its Successors and/or Assigns  
1121 L Street, Suite 103  
Sacramento CA 95814

Thank you for your prompt attention to this matter. If you have any questions, please call CalHFA at (916) 324-8468.

Sincerely,

**CalHFA/HABITAT FOR HUMANITY  
BORROWER'S CONSENT TO PROVIDE  
LOAN INFORMATION**

Habitat for Humanity of \_\_\_\_\_ ("Habitat") has previously sold a home to \_\_\_\_\_ ("Borrower(s)) located at \_\_\_\_\_, \_\_\_\_\_, California 9\_\_\_\_ (the "Property"), and as part of the purchase price, Borrower(s) gave to Habitat a promissory note dated \_\_\_\_\_ (the "Note"), in the principal sum of \_\_\_\_\_ and \_\_\_\_/100 Dollars (\$ \_\_\_\_\_), which note is secured by a deed of trust on the Property (the Deed of Trust"). The obligation evidenced by the Note and secured by the Deed of Trust shall be referred to as the "Loan."

Habitat intends to assign, or has previously assigned the Note and Deed of Trust to the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California, ("CalHFA").

Borrower(s) hereby consent(s) to, and authorize(s) CalHFA to provide information and give notices to Habitat concerning the status of the Loan, including, but not limited to such information as the unpaid balance, impound account status, insurance and property tax information, notices of delinquencies, and notices of default.

Dated: \_\_\_\_\_, 2\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2\_\_\_\_

Name: \_\_\_\_\_